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KILLING THE MESSENGER: THE PLACE OF SYSTEMS ACQUISITION  
IN THE NATIONAL SECURITY PLANNING AND MANAGEMENT SYSTEMS

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## PREFACE

This paper has its origins in conversations that RAND colleague Tom Glennan and the author had in 1987 as we attempted to place the Department of Defense's systems acquisition problems in perspective. We both were struck by the degree to which acquisition reform efforts (e.g., the Packard Commission) failed to view acquisition as part of a very complex planning and management system in government. In our view, reform efforts appeared to be focused on tinkering with the processes and organization of the acquisition effort itself, with inadequate attention to the important effects of the larger national security planning and management setting of the acquisition problem.<sup>1</sup>

Because of the nature of their responsibilities, in acquisition, in resource planning and programming, in threat analysis and strategy development, and in operational planning, senior DoD officials tend to focus on their particular piece of the whole at the expense of understanding its place in the totality of Departmental and related national security management efforts. Reform proposals typically focus on fixing a problem in one or two areas: the Packard Commission on acquisition and strategy development, Goldwater-Nichols on organizational and operational planning responsibilities, and so on. As we discussed the acquisition process in context, we asked ourselves if the failure of past acquisition reform efforts might have its genesis in suboptimization. That is, can the acquisition process be reformed in any significant way without corresponding changes in the other elements of DoD management systems? Or, put another way, what are the limits of reform efforts that focus exclusively on the acquisition process itself?

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<sup>1</sup>A notable exception to this statement is the treatment of acquisition in the 1979 Defense Resource Management Study (DRMS). In that study the relationship of the systems acquisition process to the resource allocation process (Planning-Programming-Budgeting [PPB]) was examined. However, the DRMS did not examine closely the important ties that the threat and strategy formulation processes have (or should have) in defining systems requirements that drive the acquisition process.

This paper is an attempt to set the stage for answering these questions by mapping out the major components of the DoD management system and suggesting their relationship to each other, and specifically to the acquisition subsystem. A context is developed by identifying sets of issues in the form of relevant questions under each component. As the reader attempts to answer these questions, it is hoped that he will gain insights into the complexity of the systems acquisition setting and broaden his perspective of acquisition problems and solutions.

With these objectives in mind the paper is written for two classes of readers: newcomers to DoD who have important systems acquisition responsibilities, and those currently in the systems acquisition business who may need a better understanding of the context in which it operates.

# GLOSSARY

ASD	Assistant Secretary of Defense
C <sup>3</sup>	Command, Control, and Communications
CINC	Commander-in-Chief of a Unified or Specified Command
CINCENT	Commander-in-Chief, Allied Forces, Central Europe [NATO]
CJCS	Chairman, Joint Chiefs of Staff
DCI	Director, Central Intelligence
DG	Defense Guidance
DIA	Defense Intelligence Agency
DRB	Defense Resources Board
DRMS	Defense Resource Management Study
DoD	Department of Defense
FYDP	Fiscal Year Defense Plan
JCS	Joint Chiefs of Staff
JIEP	Joint Intelligence Estimate for Planning
JPAM	Joint Program Assessment Memorandum
JSCP	Joint Strategic Capabilities Plan
JSOP	Joint Strategic Objectives Plan
JSPD	Joint Strategic Planning Document
NCA	National Command Authorities
NSC	National Security Council
NSDD	National Security Decision Directives
NSS	National Security Strategy
OJCS	Office of the Joint Chiefs of Staff
OMB	Office of Management and Budget
OSD	Office of the Secretary of Defense
POM	Program Objectives Memorandum
PPB	Planning-Programming-Budgeting
PPBS	Planning-Programming-Budgeting System
R&D	Research and Development
SecDef	Secretary of Defense
TOA	Total Obligational Authority



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## CONTENTS

PREFACE .....	iii
GLOSSARY .....	v
FIGURES .....	ix
Section	
I. INTRODUCTION .....	1
The Strategy and Force Development Regime .....	2
The Operational Planning and Force Employment Regime ...	4
Linkages Between the Two Regimes .....	5
Focusing on the Strategy and Force Development Regime ...	8
II. THE COMPONENTS OF THE STRATEGY AND FORCE DEVELOPMENT	
REGIME .....	10
Strategy .....	10
Resource Allocation .....	12
Acquisition .....	15
Threat .....	17
Policy and Organization .....	18
Some Biases .....	19
III. LINKAGES AMONG COMPONENTS OF THE STRATEGY AND FORCE	
DEVELOPMENT REGIME .....	21
Strategy Issues .....	21
Resource Allocation Issues .....	23
Organizational and Policy Issues .....	25
Acquisition Issues .....	27
Threat Issues .....	29
Some Biases .....	30
IV. IMPLICATIONS OF SYSTEMS COMPONENTS AND LINKAGES FOR	
SYSTEMS ACQUISITION .....	32
The Linkage to Strategy .....	33
The Linkage to Resource Allocation .....	34
A Moratorium on Systems Acquisition "Reform" .....	34

## FIGURES

I-1. The Strategy and Force Development Regime .....	3
I-2. The Operational Planning and Force Employment Regime .....	5

## I. INTRODUCTION

The objective of this paper is to outline a perspective for viewing DoD management activities and placing them in context. While the intent of this work is to help officials with systems acquisition responsibilities, the comprehensiveness of this perspective might be useful to other officials (e.g., Service planners and programmers) as well.

A major assumption in this paper is that DoD officials operate in two fundamentally different regimes, often simultaneously:

1. **A strategy and force development regime** comprised of activities associated with setting mid- to long-term objectives, strategies for achieving them, and force (and support) requirements associated with the strategy. This regime includes the activities associated with turning these requirements into hardware and operational forces. The planning that accompanies these activities is sometimes called "objectives planning." A characteristic of this type of planning is that it addresses the future: future objectives are set, hardware is acquired, forces are formed and made ready.
2. **An operational planning and force employment regime** comprised of activities associated with using *existing* forces to achieve national objectives. The planning that accompanies these activities is sometimes called "capabilities planning."<sup>1</sup> A characteristic of this type of planning is that it addresses

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<sup>1</sup>This distinction between objectives and capabilities planning has long been apparent to military planners. For years the JCS's principal objectives planning document was called the Joint Strategic *Objectives* Plan (JSOP, now JSPD--Joint Strategic *Planning* Document). Its corresponding capabilities planning document was (and is) called the Joint Strategic *Capabilities* Plan. Separate offices in the planning directorate of the OJCS prepare these plans.

More recently the distinction has been reflected in law. PL 99-433 (Goldwater-Nichols), Sec. 102, requires the Secretary of Defense to

the here and now: current objectives are set, operations plans are developed, and forces are deployed and employed.

A significant source of confusion lies in misunderstanding the regime one is operating in when faced with a decision, or (more usually) in not clearly perceiving the relationships between the two regimes. There are different players in the two regimes and those who play in both regimes may find themselves slow in shifting roles as different decisions must be addressed.

### THE STRATEGY AND FORCE DEVELOPMENT REGIME

The driving forces in this regime are national objectives and the budgetary and funding resources allocated to national security. The principal functions are strategy development and resource allocation. Associated functions are threat assessment, systems acquisition, and policy and organizational development. The principal players are the Director, Central Intelligence (DCI) (threat development), the NSC staff, associated interagency groups and the JCS (strategy development), the Congress, OMB, and OSD (resource allocation), and the Services (systems acquisition). All these players are involved in policy and organizational development.

The documents involved include National Security Decision Directives (NSDDs) that address objectives and strategy, the National Security Strategy (NSS) required under PL 99-433, the language and budget numbers in Congressional authorization and appropriations legislation, the Defense Guidance (DG) developed by the Secretary of Defense (SecDef), the Joint Strategic Planning Document (JSPD) developed by the JCS, and Mission Needs Statements developed by DoD components as required by OMB Circular A-109.

The functional components of this regime can be portrayed as a system as in Fig. I-1. This regime (because of its acquisition component) is the focus of this paper. While each component in Fig. I-1

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provide two distinct types of planning guidance: program and budget guidance to the components and contingency planning guidance to the Chairman of the JCS.



will be examined (in Section II), particular attention will be paid to the linkages between components (in Section III).

Some readers might consider this schema misleading because they consider threat assessment as a part of strategy development, or acquisition as a subset of resource allocation. Others might observe that organizational and policy matters are in an entirely different realm. There is merit in each criticism. However, part of the problem in understanding the whole is the submerging of important components under the heading of another, or in placing some components outside the context. Regardless of the dependent or exogenous character of some of these functional components, it can be argued that each has a potentially important impact on the others--an impact that should be dealt with clearly and explicitly.<sup>2</sup>

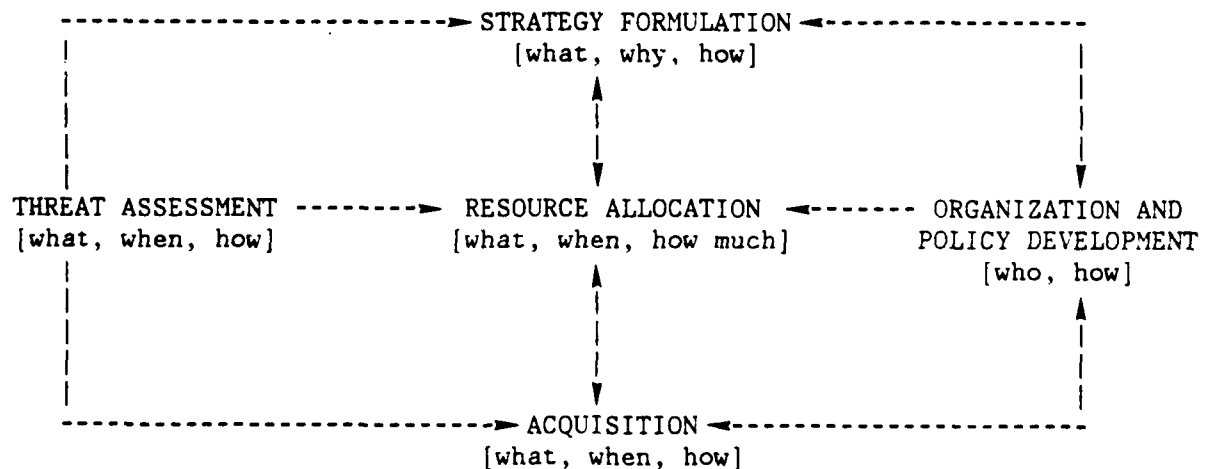


Fig. I-1--The Strategy and Force Development Regime

<sup>2</sup>The reader will observe that there is no linkage shown between threat and organization/policy. Such a linkage exists; it has been omitted here to simplify the presentation.

## THE OPERATIONAL PLANNING AND FORCE EMPLOYMENT REGIME

The driving forces in this regime are current objectives and forces-in-being. The principal functions are near-term strategy development and contingency planning and execution. Associated functions are the providing of contingency planning guidance, plan review, threat development, and establishing organizational arrangements and policy. The principal players in planning are the JCS and the Commanders-in-Chief (CINCs). However, OSD formulates some planning guidance and the DCI and Defense Intelligence Agency (DIA) specify the threat. In crisis and in plan execution the NSC and OSD become more important players as they shape the modification and execution of contingency plans.<sup>3</sup>

The documents involved include the National Security Strategy and the Defense Guidance, the SecDef contingency planning guidance to the JCS, the JCS guidance to the CINCs (e.g., the Joint Strategic Capabilities Plan, or JSCP), the contingency plans themselves, and the reviews of those plans.

The components of the operational planning and force employment regime are shown in Fig. I-2. This schema follows the JCS and CINC procedures in developing contingency plans.<sup>4</sup> The strategy is developed from an examination of a variety of planning guidance documents from higher authority, e.g., NSDDs, the Defense Guidance, the National Security Strategy. The threat is similarly developed, but relies heavily on an agreed threat statement in the Joint Intelligence Estimate for Planning (JIEP). The JCS receive planning guidance from the SecDef. The JCS give the CINCs planning guidance in the form of the Joint

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<sup>3</sup>Congress also attempts to play in the recurring contingency operations dramas through application of the War Powers Act, "sense of the Congress" resolutions, and the demand for consultation prior to or during contingency operations.

<sup>4</sup>See *Joint Staff Officers Guide 1984*, Section 6. The reader will note that there is no linkage between organization/policy and threat in Figure I-2. Such a linkage exists but is not displayed for simplicity of presentation.

Strategic Capabilities Plan (JSCP) and more immediate planning directives. The CINCs develop their plans and forward them to the JCS for review and approval. The plans are executed upon direction by the National Command Authorities (NCA) through the JCS.

## LINKAGES BETWEEN THE TWO REGIMES

The linkages pose a dilemma. On the one hand, linkages can benefit both types of activities by bridging the gap between the current (or near term) and the future--and making them more explicit and consistent. On the other hand, linkages can foster confusion as to means and ends as one considers the time continuum from the present to a point five to ten years in the future. An example may help make the point.

Frequently the national objectives and strategy used in objectives planning activities are considered identical with the objectives and strategy used in capabilities planning activities. Thus, the Secretary of Defense's Defense Guidance (programming guidance) is used as an input to the JSCP (force employment guidance). One might ask why, if the objectives and strategy are the same in both regimes, changes in the program (resource allocation) and force modernization (acquisition) are needed. One answer might be "because the threat is changing." Another

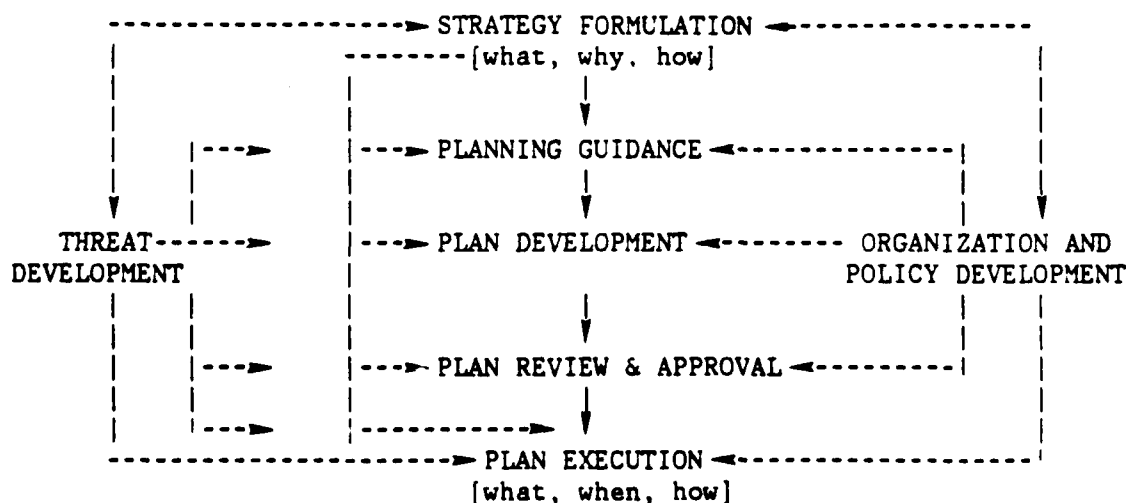


Fig. I-2--The Operational Planning and Force Employment Regime

answer might be that the strategy is stated in such general terms that it can safely be used to encompass both force employment and force development planning activities. Yet another answer might be "modernization is needed to reduce the risk to more acceptable levels." Each of these answers has the appeal of being partially correct. But each in its own way blurs the linkages between forces needed to execute a desired strategy, and the strategy possible with existing forces.

If modernization is needed to respond to a future increased threat, it should be reflected in the strategy. If significant risk is accepted, it too must be reflected in the strategy. If the same strategy can be used for both force employment and for force development, the threat is either static (and modernization is needed only to replace worn-out equipment), or the strategy is cast in such general terms as to be of limited utility.

With these caveats on misunderstanding linkages between the two regimes, let us turn to an examination of some specific linkages between them.

## 1. Strategy vs. Strategy

As discussed above, both strategies share some common source documents. Near-term strategy is expedient and executable. Sacrifice of the desirable is made to achieve the attainable. Explicit consideration of the discomfort caused by the disconnect between the desirable and the attainable drives the (usually) more ambitious force development strategy and increases in resources allocated to national security and major new systems acquisitions. To the degree longer-term strategy dominates near-term strategy, increased current operational risk is accepted and operations plans are directed, developed, and reviewed with these limitations in mind.

It might be noted that the JCS and the CINCs are the principal entities in the national security community that make explicit and document the distinction between the two types of strategies. The JSCP and JSPD have different strategies (principally in accepted risk and the ability to respond to concurrent requirements) and drive (or influence) different plans and programs.

## 2. Threat vs. Threat

The intelligence community assesses and displays threat as it changes over time. Capabilities planning uses the near-term assessment and force development planning uses the longer-term assessment. However, the longer-term assessment influences capabilities planning by defining the planning time horizon. That is to say, as enemy capabilities change significantly over time, the capabilities plan becomes outdated. Conversely, near-term threat assessment and its interaction with development of current plans highlights those essential elements of threat information that require particular emphasis in longer-term threat assessments.

## 3. Contingency Plan Development and Review vs. Resource Allocation<sup>5</sup>

As the CINCs develop their contingency plans and the JCS review them, resource shortfalls become more apparent. In some cases the shortfalls are so significant that the CINC developed plan cannot be executed as written and must be redrafted.<sup>6</sup> If the plan is important enough and the shortfalls significant in the eyes of the JCS, they will use the plan review as a basis for influencing the resource allocation process.<sup>7</sup>

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<sup>5</sup>The reader will note that Fig. I-2 shows no resource allocation function analogous to such a function in Fig. I-1. Such a function could have been shown in Fig. I-2 to be technically complete and correct (it would have been placed alongside the "strategy" entry and appropriate connectors indicated). However, the resources implicitly addressed in Fig. I-2 are forces and in-being capabilities, not dollars and manpower.

The resource allocation process central to Fig. I-1 addresses both the mid-term and long term (e.g., systems acquisition, R&D, training) and the short term (e.g., budget year operations and maintenance funds).

<sup>6</sup>The author reviewed several CINC war plans some years ago and was struck by the number of footnotes and caveats in one plan. Its thrust was to state requirements for more resources to make the plan executable. In this case the CINC was using his contingency plan as a backdoor way to argue for more resources. The JCS returned his plan for redrafting.

<sup>7</sup>They do this either through the Joint Program Assessment Memorandum (JPAM) which comments on the priorities in the Service-submitted Program Objectives Memorandums (POMs) or (more effectively) by direct representation to the Defense Resources Board

In some cases of perceived urgent need, the resource allocation process may outpace and drive the contingency planning process. This environment prevailed during the U.S. mobilization in 1940 and 1941. More recently, in 1979-1981, events in Southwest Asia prompted increases in mobility and force readiness funding that outpaced both the formation of appropriate command organizations (CINCENT and its predecessors) and their development of contingency plans for the region.

#### **4. Contingency Plan Development and Review vs. Acquisition**

Deficiencies highlighted during contingency plan development and review may influence acquisition activities. For example, the need to attack Soviet second and third echelon forces in Europe, a requirement illuminated in both exercises and contingency planning, can influence the direction of acquisition activities. The major increase in emphasis on development of precision-guided munitions and associated Command, Control, and Communications (C<sup>3</sup>) systems over the past ten years has been one result. However, the lead times typically associated with acquiring new systems make exercises and contingency plans with their near-term focus a shaky basis for major force development planning.

Conversely, acquisition activities can influence contingency planning. The development and deployment of nuclear-tipped cruise missiles to the fleet drove a redirection of targeting activities by the CINCs.

#### **FOCUSING ON THE STRATEGY AND FORCE DEVELOPMENT REGIME**

The preceding discussion of the strategy and force deployment and operational planning and force employment regimes was intended to sketch out the bounds of the national security decisionmaking environment and identify the principal regimes and components of that environment. In sections II and III we shall take a closer look at the strategy and

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(DRB). PL 99-433 states that one of the duties of the Chairman of the JCS is "Advising the Secretary [of Defense] on critical deficiencies and strengths in force capabilities...identified during the preparation and review of contingency plans..." (Sec. 153).

force deployment regime--since it most directly defines the arena in which systems acquisition decisions are made. Section II gives the components in Fig. I-1 a closer examination, and Section III examines the linkages between components. In Section IV, implications of the linkages for systems acquisition are assessed.

## II. THE COMPONENTS OF THE STRATEGY AND FORCE DEVELOPMENT REGIME

In this section a quasi-Socratic method is employed in examining the elements of each component in the strategy and force employment regime. While answers are usually more interesting than questions, they have two difficulties in the context of this paper. Answers tend (perhaps more than questions) to reflect a particular point of view. And even sketchy answers to the questions posed would result in an enormous paper. Questions may in fact be more useful to the policymaker. If artfully cast and reasonably complete, they give him some sense of the issues, provide a point of departure for testing or tasking the staff, and encourage him to think through the issue for himself. In effect, questions can provide a tool for getting answers, whereas answers both presuppose the question and carry the baggage of often unstated assumptions. An ancillary advantage is where the question is deemed unimportant, time is not wasted in developing unneeded answers.

Some of the questions posed below may have obvious answers--obvious to those familiar with the facts (and/or with a strongly held view). They may be less obvious to a newcomer to the process--perhaps a newcomer with important responsibilities. Some of the questions posed slip into sensitive territory and raise issues some would consider best left alone. The author would argue that the questions shouldn't be sensitive. The answers may be another matter and can be considered in the privacy of the reader's mind.

### STRATEGY

#### Who

1. Who defines the national security strategy?



- What is DoD's role in that effort?
- What offices in OSD and the OJCS are involved?
- 2. Who should define national security strategy?
  - Is the DoD role strong enough?

## What

- 3. Does national security strategy cover both current contingency planning and force development planning?
  - Is there a clear-cut distinction between the two in the strategy?
- 4. Is risk in achieving objectives dealt with explicitly?
- 5. Are there gaps in the geographic, temporal, and functional coverage of the strategy?
  - How does the strategy compare with such studies as "Discriminate Deterrence?"
- 6. What is the DoD analog of the national security strategy (a national military strategy)?
  - What is the role of the Services in its development?
- 7. What is the fit between the Defense Guidance strategy and the JSPD and JSCP strategies?
  - What are the salient differences between the JSCP and JSPD strategies?
  - Are there important differences in interpretation between the JSCP strategy and the strategy inherent in the CINCs' contingency plans?
- 8. Are the National Security Strategies (whether produced by the NSC staff, OSD, or the OJCS) structurally complete? That is, are they merely a statement of goals, or do they get into means, priorities, risks and uncertainties, key assumptions, etc.?
- 9. What feedback mechanisms are used to test the strategy for acceptability, suitability, feasibility?

- What are the criticisms of the various strategies?
  - OSD comments on the JSPD, Service comments on the DG, etc.?
- 10. Is strategy part of the first "P" in the Planning-Programming-Budgeting System (PPBS), or is it something distinctive and apart?
- 11. What are the dangers of making a strategy too explicit?
  - Leaving some Allies outside a perimeter? Emboldening an opponent by emphasizing own limitations?

#### How

- 12. How is the strategy developed?
  - Methodologies, processes, reviews, updates, etc.?
- 13. How is the National Security Strategy documented?
  - Is it used? By whom? For what purpose?

#### When

- 14. How often is the strategy updated?
  - Is timing consistent with needs of other functional components of the regime?

### RESOURCE ALLOCATION

#### Who

- 1. Who has the most clout in the resource allocation process?
  - The Services, the Chairman, Joint Chiefs of Staff (CJCS), the Assistant Secretaries of Defense (ASDs)?
- 2. What is OMB's role in the concurrent budget review?
  - Is there any value added, or is it merely to telescope compressed review envelopes by incorporating a greater degree of concurrency?

3. What role does Congressional consideration of the upcoming budget play in program and budget development and review within DoD?
4. How are the CINCs' voices heard in the process?
  - Do the CINCs address both near term (e.g., O&M) as well as long-term (e.g., R&D) needs?
  - What are the mechanisms for Service-CINC information flow and coordination? Are they effective?

#### What

5. What devices are used to limit constant revisiting of prior decisions?
  - Is it possible to avoid revisiting, given changing program dollar targets?
  - Is the program structured in a way to facilitate prioritizing and implementing decrements?
  - Are the strategic impacts of funding level changes assessed?
    - How? By whom?
6. What devices are used to facilitate determination of program and budget balance among competing missions, tooth/tail balance, sustainability, readiness, modernization, force levels, etc.
  - Is there any rigor and objectivity to the process, or is it basically political?
7. Is the DRB focusing on the most important issues, or only the most controversial?
  - If it is focusing on the most important issues, what is the supporting evidence?
  - If it is not, what is it overlooking?
8. What can be done to improve the costing of the out-year portion of the program?

## How

9. What are the inputs and outputs of the PPBS?
  - Inputs: Defense planning and fiscal guidance, current Fiscal Year Defense Plan (FYDP), CINC requirements, acquisition decisions, threat assessments?
    - Are the threat and strategy specifically addressed during program reviews, or are they a fiscal balancing exercise?
  - Outputs: FYDP updates, component POMs, President's budget, special reports to the Congress?
    - Is there feedback to the strategy development process?
10. How is the planning part of PPB conducted?
  - Does it include a strategic element, or is it limited to force analysis with strategy being a given?
  - What are the OSD, OJCS, Service roles?
  - What is the vehicle (other than the Service POMs) that permits joining the issues?
  - What devices are used to generate planning dialogue in advance of SecDef planning and fiscal guidance? In advance of POM submission?
11. How are differences resolved or focused for efficient SecDef consideration?
  - Can anyone make "decisions" on resource allocation short of the Deputy Secretary of Defense?
12. How are the PPB and acquisition processes kept in harness?

## Why

13. Does the current program element structure make sense?
  - Is there an audit trail to the strategy, missions, and required operational capabilities?

## ACQUISITION

### Who

1. Who are the players in the acquisition process?
  - Who are the key players? Why?
  - What are their motivations?
  - Are the process incentives the right ones?
    - Can an acquisition manager be honest about difficulties without unduly jeopardizing his program?
2. Who or what institution defines systems requirements?
  - Who keeps them honest? How?
    - Are requirements bent to favor specific platforms?
  - Are requirements brokered to fit funding and technological uncertainties and changes?

### What

3. What makes DoD acquisition different from acquisition in the private sector?
  - Different from other federal departments?
4. To what degree are acquisition problems caused by difficulties that lie outside the acquisition system?
  - Budget instability, changing requirements, changing strategy, misunderstood threat, etc.?

### How

5. What are the elements of the acquisition process?
  - Is the process comprehensible?
    - What players understand it best?
  - Which element poses the most problems? Why?
  - At what point in the process can the SecDef exert the most leverage currently?

- What additional leverage points does the SecDef need?
  - Would they require a change in the law?
- 6. Has the process been suboptimized?
  - Does delegation (e.g., to the Services, to CJCS) foster suboptimization and submerging of the issues?
  - What correctives are used or available to reap the benefits of delegation without incurring unacceptable suboptimization?
- 7. Can the causes of slippages, overruns, failure to meet performance specs be adequately tracked or portrayed in a fair and nonpartisan way?
- 8. What are the checks and balances in the process?
  - Which are required by law? Which by departmental regulations? Which by custom and practice?
  - Which make sense?
- 9. What are the major "reforms" made in the last ten years? What commissions, studies, new laws?
  - Have they made the process better, more understandable?
- 10. What are the yardsticks against which the performance of the acquisition process should be measured?
  - Are expectations of process performance too high given the inherent difficulties?
  - What is the track record of the acquisition process in cutting overruns, slippages, etc.?
- 11. If the strategy and force development regime were optimized to enhance the acquisition process, what changes would be made (e.g., regulations changed)?
  - What would be the adverse effects on other components of the national security planning and management system?
  - What burdens are placed on the acquisition system that perhaps should be placed elsewhere (e.g., minority and disadvantaged business contract provisions, wage parity rules)?

## THREAT

### Who

1. Who develops the threat?
  - Do they have an inherent institutional interest in inflating or downplaying the threat?
  - Are the threat assessors isolated from pressure from communities with a bias for casting the threat in a particular way?
  - Who keeps the threat assessment community honest?

### What

2. What are the products of the threat development system?
3. What are the principal sources of disagreement about the threat?
  - Are differences waffled, or spelled out?
  - What user communities have the most quarrels with threat assessment? Why?
4. What is the track record of the threat forecasters?
  - In what areas has the threat forecast been most/least accurate?

### How

5. Are uncertainties about the nature of the threat and its assessment made explicit?
6. Are threat assessments cast to suit the needs of a community of users (strategic planners, mission need statement writers, operational planners, developers of tactics)?

## POLICY AND ORGANIZATION

### Who

1. Who is the keeper of DoD policy?<sup>1</sup>
  - Is a distinction made between external (to DoD) and internal policy?
2. Who has the responsibility for coordinating DoD policy and plans with other departments and agencies? Allies?
3. Who is responsible for policy as it applies to:
  - Threat assessment?
  - Strategy development?
  - Resource allocation?
  - R&D?
  - Procurement?
  - Defining systems requirements?
4. If the responsibility for policy development is diffuse, who keeps it integrated?

### What

5. What management and strategic principles drive the current DoD organization?
  - Are they optimized to support one component of the national security planning and management process?
6. Does each element of the DoD organization add value to the process?
  - What elements of the organization are in the most conflict? Why?

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<sup>1</sup>Defined as "a definite course or method of action selected from among alternatives and in light of given conditions to guide and determine present and future decisions [and] a high-level overall plan embracing the general goals and acceptable procedures...of government" (Webster).



- Are their respective responsibilities clearly spelled out?
- 7. What alliances exist across components of the DoD organization (e.g., the R&D community, budgeteers)?
  - Are they constructive? How? Why?
- 8. What functional component in Fig. I-1 is most shortchanged by the current DoD organization and associated practices?
  - Is that view generally held by other component communities?
  - What can be done to improve the constructive influence of the "shortchanged" communities?

#### How

- 9. How does the law delimit management's flexibility in organizational change?
- 10. What is the process by which departmental policy is developed?
  - What elements in the process encourage innovation?

#### SOME BIASES

While questions may be less biased than answers, some of the author's biases are evident in the questions asked above. The reader is invited to add his questions to reflect his biases. The author's biases include the following:

- 1. The current national security planning and management system is more driven by resource allocation than by strategy development processes. The reasons are many but boil down to the imperatives of the annual programming and budgeting cycle and the ease with which strategy issues can be obfuscated or avoided.
- 2. While the threat development community has its own interests, its products are often misused by the other communities (strategy, resource allocation, systems acquisition) to advance their own interests.

3. Most of the sins committed in the other component processes become most evident in the systems acquisition process because the latter is the last step in most planning and management actions and because its faults are most visible and measurable (e.g., overruns, slippages).
4. The organization of DoD (for good and ill) fosters an adversarial and/or negotiated approach to planning and management actions that often results in suboptimization and an inability to fix responsibility for errors.
5. Policy responsibilities are fragmented throughout DoD (and particularly OSD) and are manifested in overlapping responsibilities and vaguely defined organizational interfaces.

These biases will be examined in another perspective in the next section as we turn to look at the linkages between components. These linkages have a powerful influence on the way any component process is conducted.

### III. LINKAGES AMONG COMPONENTS OF THE STRATEGY AND FORCE DEVELOPMENT REGIME

In Section II we tried to gain a better understanding of the essential purpose, structure, and processes of individual functional components of the strategy and force development regime portrayed in Fig. I-1. We did this by asking questions intended to highlight the fundamental attributes of the components. In this section we turn to the linkages among the components--again using questions to illuminate attributes. We will do this by focusing on one component, such as strategy, and examining the connectors that link strategy with its related components, such as resource allocation. In one sense we are examining inputs and outputs relative to each component. Is strategy adequately informed by the activities of its related components? Does strategy provide necessary guidance to its related components? In another sense we are gaining an understanding of the limits of system change when we focus "reform" actions on one component of the system--and of the side effects on other components.

If the questioning is sharp and complete enough, the reader will gain (or confirm) an understanding of the context in which his particular component function operates. In the process he may perhaps shape his expectations and illuminate his obligations to and responsibilities toward others who must perform within the system.

#### STRATEGY ISSUES<sup>1</sup>

- With Respect to Resource Allocation
  - Does the strategy provide sufficient guidance for resource allocation decisions? Force mixes, timing, deployment, readiness, sustainability, degree of reliance on Allies?

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<sup>1</sup>When the word "strategy" is used here, it is with full recognition that strategy is defined at several different levels within the national security community (e.g., NSC, OSD, JCS, CINCs, and even the Services).

- Is there a clear audit trail from national goals through national security objectives, security strategies, etc., to operational and support tasks that define force requirements? Required force capabilities?
- Is the strategy development mechanism structured in such a way that changes in resources available can provide feedback to revise the strategy?
  - When is the last time the strategy was changed to reflect the realities of the resource allocation process?
  - Did the braking and reversal of the Reagan defense buildup result in any changes to the strategy? If not, why not?
- Is the strategy developed within the bounds of some specified envelope of available resources (e.g., current Total Obligational Authority [TOA] plus inflation)?
- Does the strategy make a clear distinction between actions possible with current resources and capabilities and those possible with future (acquired) capabilities?
- With Respect to System Acquisition
  - Does the strategy provide sufficient guidance for acquisition decisions?
    - To specify system performance requirements?
    - To specify procurement objectives?
    - To specify industrial base requirements?
    - To help guide trade-off analysis?
  - Is the strategy written in terms as suitable for a system acquisition planner as for a force programmer?
- With Respect to Threat Assessment
  - Is the strategy responsive to the threat?
    - Are all relevant threats considered?

- Are risk and uncertainty treated in a satisfactory manner?
- Does the strategy inform the threat development community as to what threats are of the most interest and warrant special intelligence interest (e.g., Soviet arms control breakout)?
- With Respect to Organizational and Policy Development
  - Does the strategy provide a partial basis for assessing the adequacy of organizational and policy arrangements?
    - Are national and regional command arrangements consistent with the strategy?
    - Do existing policies work against the strategy (e.g., manpower utilization, technology transfer, burden sharing)?
  - Does the strategy exploit national and institutional strengths?

## RESOURCE ALLOCATION ISSUES

- With Respect to Strategy Development
  - Does resource allocation reflect the strategic guidance?
    - Or, do organizational biases drive allocation?
    - Who makes the final assessment of the match between strategy and resource allocation?
    - Is there an audit trail of accountability for the assessment of the match?
  - Are there mechanisms for revising the strategy to reflect resource allocation decisions?<sup>2</sup>

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<sup>2</sup>This question asks whether there is an OSD analog to the JCS's JPAM. That is, does the Deputy Secretary of Defense in chairing the Defense Resources Board assess the feasibility of the strategy in the light of resource allocation decisions the same way the JCS assess Service-originated programs (POMs) given the approved strategy? If he doesn't, who does? How?

- Or, are changes limited to different levels of risk under an unchanged strategy?
- Is the strategy reflected in the first "P" of PPBS?
  - Is there a front end strategic analysis as part of the programming process? Does it address both the current and longer-term resource allocation environments?
- With Respect to Systems Acquisition
  - Does resource allocation reflect prior acquisition "authorization" decisions?
    - Does the process of gaining a foothold in the program lead to premature decisions concerning the system configuration?
    - Are "planning wedges" justified? How?
  - Does the resource allocation process provide for a balance of current (force levels, readiness, sustainability) and future (modernization) capabilities?
    - Does R&D have an effective spokesman in the resource allocation process?
    - Is there an appropriate balance between Service interests in modernization and CINC interests in current capabilities? Who makes the judgment? How?
  - Does the need for continued advocacy of programs in the PPB process encourage the suppression of strategy uncertainties?
  - Do features of the PPB system work against the adoption of acquisition strategies such as phased acquisition or maturational development?
  - Is program and budget building guidance adequate for purposes of systems acquisition?
    - What are the principal deficiencies?
  - Do resource allocation staffs understand the fundamentals of the acquisition process?

- With Respect to Threat Assessment
  - Is resource allocation consistent with the threat?
  - What checks and balances are there to ensure that threat assessment is not skewed in the resource allocation process?
  - Are resource allocation decisions made with an eye toward assessing opponent responses to own resource allocation decisions (e.g., Soviet responses to U.S. decisions to beef up its capabilities to intervene in Southwest Asia)?
- With Respect to Organizational and Policy Development
  - Are the appropriate players involved in reaching resource allocation decisions?
  - Is there someone short of the SecDef himself responsible for assessing the effectiveness of resource allocation and the underlying analysis?
    - Does he have an adequate staff?
  - Does the resource allocation process have safeguards against institutional biases?
    - While having a strong enough basis to support decisive action?

## ORGANIZATIONAL AND POLICY ISSUES

- With Respect to Resource Allocation
  - What are the key committees?
    - How are they staffed?
    - How are their agendas developed?
  - Can committees be effective in staffing and making resource allocation decisions?
    - Particularly when committee members have strong (and often narrow) institutional interests (e.g., DRB, JCS)?
  - What needs to be done to PPBS to make it more strategy oriented?

- Less institutionally and budget-share oriented?
- What needs to be done to PPBS to make it more sensitive to key acquisition issues?
- How are the divergent roles of the CINCs, JCS, Services to be orchestrated to achieve the best balance?
  - Using Goldwater-Nichols as the starting point?
- With Respect to Strategy Development
  - What is the SecDef role in defining military strategy?
    - Given the historic NSC, JCS near-monopoly?
    - And Service efforts to build (extend) justification for their programs (e.g., maritime strategy)?
  - What is the SecDef role in reviewing and approving contingency plans, defining major exercise requirements?
    - Given his responsibilities under Goldwater-Nichols?
- With Respect to Systems Acquisition
  - Can the Services be trusted to define systems requirements?
    - How can OSD exercise oversight?
  - Can the incentive structure be changed to foster better program management, Service involvement, participation by industry?
  - What are the effects of continual revisiting of decisions on the management of acquisition programs?
  - What oversight role *should* the Congress play besides appropriating the funds?
- With Respect to Threat Development
  - How can SecDef exercise oversight on threat specification?
    - Inasmuch as threat is key input to strategy formulation, resource allocation, acquisition activities?
  - What is the appropriate SecDef role in the national intelligence development process?



## ACQUISITION ISSUES

- With Respect to Strategy Development
  - Do systems requirements flow from the strategy and from assigned operational tasks?
    - Are the intermediate steps defined?
    - Is the audit trail clear? Is it important?
  - How does the strategy shape the systems acquisition environment in practical terms?
    - Does the systems acquisition community distinguish between force development (future) and force employment strategies (current)?
  - Is there any role the systems acquisition community should play in influencing the strategy (e.g., informing strategic planners of the time intervals required to acquire significant new force capabilities)?
- With Respect to Resource Allocation
  - Do systems acquisition personnel understand PPBS?
  - Is the acquisition process responsive to PPBS requirements?
    - Provide basis for timely decisions based on adequate understanding of costs and risks?
  - Is the acquisition process efficient?
    - Is the balance between risk reduction, efficient resource allocation, and early IOC the correct one?
    - Who makes that judgment? On what basis?
  - Does the process have safeguards against gold plating?
- With Respect to Organizational and Policy Development
  - Is the acquisition process clearly defined, understandable, and flexible?
    - Are the respective roles of OSD, the Services, the JCS, the CINCs, and interorganizational committees documented and understandable?

- Do the players perform those roles?
- Are the incentives in the acquisition process the correct ones?
  - Can the process be manipulated by the players to insert institutional biases? Are the safeguards adequate?
- Does the acquisition process provide for early SecDef involvement in requirements determination?
- Does the acquisition process reflect the realities of current industry capabilities and incentives?
  - Does the process provide opportunities for manipulation by industry?
  - Does the process emphasize near-term procurement efficiency at the cost of long-term national capabilities?
- Does the acquisition process have compensating mechanisms that reflect the inherent uncertainties in the research, development, and procurement processes?
- How are multiservice requirements for similar systems handled in the acquisition process?
  - How are requirements, development, and production decisions brokered to balance commonality and Service-unique priorities?
- With Respect to Threat Development
  - How is the threat treated in the requirements development process?
    - Is threat treated in isolation or in the context of the strategy?
    - Is a joint "agreed" threat or Service-developed threat used?
    - Is a maximum threat employed or one that accepts a certain amount of risk?
    - Is the threat presented in terms that play to a single Service or platform solution?

- Are requirements oriented to single or multiple threats?

## THREAT ISSUES

- With Respect to Strategy Development
  - Is the threat articulated in terms that provide a basis for strategy development?
    - Is it presented in terms that prematurely narrow the strategic choices?
    - Is risk in defining the threat explicitly considered?
    - Does articulation of the threat strike a reasonable balance between defining enemy capabilities and intentions?
  - Are threat development activities sufficiently insulated from the pressures exerted by strategy, resource allocation, and acquisition activities?
    - Does threat development enter the strategic policymaking arena because of vacuums in (or insufficient oversight by) the latter?
- With Respect to Resource Allocation
  - What kinds of assessments are conducted to test the adequacy of alternative resource allocation schemes in meeting the threat?
    - Is threat considered explicitly at the top level of the resource allocation process, or is it subsumed under strategy?
- With Respect to Systems Acquisition
  - Are threat assessments drawn in terms that are useful to those who define systems requirements?
  - Are concepts (as in concept formulation), development ideas (as in engineering development), and prototypes systematically matched (and rematched) with the evolving threat as development proceeds?

- - Who keeps the requirements writers honest?
- Who specifies/validates the threat for the testing of prototypes?
- With Respect to Organizational and Policy Development
  - What is the appropriate role of threat assessments in strategic planning, resource allocation, and systems acquisition activities?
  - Is the dividing line between national (DCI) and DoD (DIA) threat assessment responsibilities sufficiently clear as to foster effective decisionmaking in strategic planning, resource allocation, and systems acquisition activities?
  - - What additional authority should SecDef strive to gain in order to do his job better? What would be the detrimental effects of such changes?

### SOME BIASES

Some of the same biases outlined at the end of Section II carry over into this section as we have examined linkages. The central role of resource allocation and the relative neglect of strategy are even more apparent. However, some additional biases emerge related to weak linkages.

1. The strategy/resource allocation/threat development feedback loops are particularly suspect. One senses that strategy and threat remain unchanged almost regardless of changes made in resource allocation.
2. One suspects that largely undefined variable amounts of risk are the medium of exchange between strategy and resource allocation processes. To draw a caricature one might say the resource allocation is the domain of OSD (and the Congress) and that risk definition and management is the domain of the JCS and the Services--and that only the force of external events persuades one domain to talk to the other.

3. The systems acquisition process has a life of its own--barely connected to the strategy and threat development processes, driven to distraction by the peaks and valleys of the resource allocation process, and hamstrung by the organizational and policy development processes.
4. Each of the functional components of the national security planning and management process as shown in Fig. I-1 has important dependencies on the other components but tries to make itself as independent as possible. Superimposed on this search for autonomy are the individual organizations--each also looking for autonomy. The result is a system with enormous centrifugal force and crying out for stronger central direction.<sup>3</sup>

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<sup>3</sup>The energy of this centrifugal force needs to be guided and channeled, not destroyed. This suggests that the motivational system underlying the structure and its players needs reorientation. How can a systems acquisition planner be made to state his requirements more clearly and less parochially--with ties back to the threat and the strategy and with some understanding of the limits of the resources available? How can a defense resources programmer be encouraged to pay more attention to the strategic consequences of his decisions and recommendations? How can a strategist be encouraged to confront risk more directly? How can all be cajoled into taking a system-wide view rather than a functional or organizational view?

#### IV. IMPLICATIONS OF SYSTEMS COMPONENTS AND LINKAGES FOR SYSTEMS ACQUISITION

Clearly the systems acquisition process is buffeted by strong winds from other components of the national security planning system. In some respects it is the final step of an important national security decisionmaking process. And, just as the anchorman on a relay team must make up for the deficiencies demonstrated by earlier carriers of the baton, the acquisition process carries the burdens of earlier, or otherwise strongly related, failures in threat and strategy development and resource allocation.<sup>1</sup> To compound that burden, the products of the acquisition process have highly visible and measurable outputs: cost (overruns), deployment dates (slippages), operational performance (too slow, insufficient firepower, poor maintainability, etc.). However, the overriding burden on the acquisition process is that it is the focal point of a clash of strongly motivated, often divergent, institutional interests.

The point is that "fixing" the acquisition problem in isolation from fixing the other components of the system is to forgo the greater leverage provided by changes upstream from systems acquisition. However, even if one goes beyond the systems acquisition function to fix the other components of the system, one runs the danger of throwing the other components out of kilter and suboptimizing one component at the expense of the others.

It is the author's opinion that currently the resource allocation process drives (and overdrives) the acquisition process and that the ties the acquisition process has to threat and strategy development (which are intended to drive systems requirements) are poorly developed. Resource allocation decisions (whether made by the Secretary of Defense

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<sup>1</sup>In fairness, it must be stated that the resource allocation process must compensate for failures in the systems acquisition process (accommodating cost overruns). The author asserts that the problems in acquisition are dominated and caused largely by problems in other component processes.

or the Congress) often result in acquisition decisions that are difficult to defend in terms of unit cost and performance. Varying Service-driven interpretations of the strategy and the threat frequently result in resource allocation and systems acquisition decisions that advance institutional interests at possible adverse cost to national interests. These symptoms suggest an underlying problem of irresponsibility--not irresponsibility in the sense of recklessness, but in the sense of not insisting on a close linkage between performance and authority.

It is too easy to blame the last step in the process for errors of omission and commission in important upstream and parallel functions. While errors can be and are made within the acquisition process itself, they do not lead to the sum total of acquisition problems. There is at least one area where the acquisition process and its practitioners have themselves to blame: the specification of requirements, including their change to meet different circumstances. These failures have their origins in the acquisition process's interface with strategy development and resource allocation.

## THE LINKAGE TO STRATEGY

RAND colleague Glenn Kent has outlined an approach to defining systems requirements that involves a syllogism that successively translates national strategy to national security objectives to regional strategies....eventually to concepts of operations that should drive hardware requirements.<sup>2</sup> This translation process is only very imperfectly captured in current practice and leaves the door open for the full exercise of Service parochialism and other malpractices in the acquisition business. The author is not convinced that Kent "has it right" in the particulars he proposes, but is convinced that he is correct in stating the need for greater rigor in defining linkages from strategy to hardware performance requirements.

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<sup>2</sup>Glenn A. Kent, *Concepts of Operations: A More Coherent Framework for Defense Planning*, The RAND Corporation, N-2026-AF, August 1983.

## THE LINKAGE TO RESOURCE ALLOCATION

In the process of acquisition, system performance requirements acquire a life of their own. It is too widely perceived that to back off requirements is a sign of failure--rather than of choice to attain a better mix of capabilities within the resource envelope. Requirements should be tuned on the same principle that resource allocation is tuned (though hopefully not as often). At some point the strategy and threat must be revisited to see if the new systems development compromises fit with them as well as with the resources available.

## A MORATORIUM ON SYSTEMS ACQUISITION "REFORM"

The flurry of activity over the past ten years on reforming the systems acquisition process has many of the earmarks of treating the symptoms rather than the major sources of the problem. The threat and strategy development processes and the resource allocation systems have not been subjected to anywhere near the same scrutiny and pressures for change. It is the author's opinion that future acquisition reform efforts should put most of the emphasis on the other components of the system--with effects on acquisition in the back of the reformers' minds. Failing that, they should do a more rigorous job of conducting an audit of the causes of the systems acquisition process failure--an audit that should have license to track back to the Congress and the National Security Council.

The current retrenchment in defense spending is sure to raise up more systems acquisition horror stories and prompt outcries for more reform. This paper has this message for the next batch of reformers: look beyond the systems acquisition process itself for most of the unresolved problems.